

February 8, 2002

Rod. L. Betit  
Executive Director  
Utah Department of Health  
288 North 1460 West  
PO Box 143101  
Salt Lake City, Utah 84114-3101

Dear Mr. Betit:

We are pleased to inform you that your application, entitled "Primary Care Network," as modified by the Special Terms and Conditions accompanying this award letter, has been approved as project No. 11-W-00145/8. It has been approved for the five-year period of February 8, 2002 through February 7, 2007, or the five-year period beginning with the implementation date as defined Section II.2.a of the attached Special Terms and Conditions, whichever is later. The approval is under the authority of section 1115 of the Social Security Act (the Act).

Enclosed are the Special Terms and Conditions that define the nature, character, and extent of anticipated Federal involvement in the project. The award is subject to our receiving your written acceptance of the award, including the Special Terms and Conditions, within 30 days of the date of this letter.

All requirements of the Medicaid program expressed in law, regulation, and policy statement, not expressly waived or identified as not applicable in this letter, shall apply to the Primary Care Network demonstration.

#### Waivers

Under section 1115(a)(1) of the Act, the following waivers are approved for a 5-year period beginning with the implementation date of the Primary Care Network demonstration:

1.                      Statewideness    Section 1902(a)(1)  
  
                            To enable the State to offer managed care systems only in certain geographic areas of the state.
2.                      Amount, Duration, and Scope    Section 1902(a)(10)(B)  
                            of Services    42 CFR 440.230-250  
  
                            To enable the State to offer a reduced benefit package.
3.                      Comparability    Section 1902(a)(10)(B)  
  
                            To enable the State to impose different cost sharing amounts on individuals than that imposed by the state plan.  
  
                            To enable the State to offer different benefits than offered to other populations eligible under the state plan.

To enable the State to include additional benefits such as case management and health education not available to Medicaid beneficiaries enrolled in a managed care delivery system.

4. Enrollment fee Section 1902(a)(14)  
42 CFR 447.53-54

To enable the State to impose enrollment fees on certain demonstration participants in excess of that permitted in Section 1916(a)(1).

5. Freedom of Choice Section 1902(a)(23)

To enable the State to restrict freedom of choice of providers.

6. EPSDT Section 1902(a)(43)(A)

To enable the State to not cover certain services required to treat a condition identified during an EPSDT screening.

#### Costs Not Otherwise Matchable

Under the authority of section 1115(a)(2) of the Act, expenditures made by the State for items identified below (which are not otherwise included as expenditures under section 1903) shall, for the period of this project, be regarded as expenditures under the State's Title XIX plan.

1. Expenditures to provide Primary Care Network coverage to individuals age 19 and above with incomes under 150 percent of the federal poverty level who would not otherwise be eligible for Medicaid. (Demonstration Population I)
2. Expenditures to provide full Medicaid coverage to high risk pregnant women with assets in excess of the limit established by the state plan. (Demonstration Population II)

#### Exceptions to Medicaid Requirements for the Demonstration Population

In addition, the following will not be applicable to the Demonstration Population I participants:

1. Retroactive eligibility 1902(a)(34)

To permit the state not to offer the Demonstration Population I participants retroactive eligibility.

2. Cost sharing 1916

To permit cost sharing that is more than nominal to be imposed upon the Demonstration Population I participants.

3. Payment for federally qualified health centers 1902(a)(15)  
1902(aa)

To permit the state to pay for Federally qualified health center services provided to Demonstration Population I participants on a basis other than a prospective payment system.

Congratulations on the approval of your innovative approach to expanding Medicaid coverage. We look forward to working with you on its implementation. Your Project Office for this project will be Sharon Donovan, who can be reached at (410) 786-2561. Your Regional Office representative will be Jody Kurtenbach, who can be reached at (303) 844-7039.

Sincerely,

Thomas A. Scully

Enclosure